# Medicare Eventually May Cover Dental Costs—But What About the Children?

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## ABSTRACT

Government programs, particularly Medicare, provide extremely limited funds for dental services. As a result, the government absorbs fewer dental costs than the costs for other health services. Despite the need for support of dental services for children, it may become politically expedient to support the expansion of Medicare to include dental care for the increasing numbers of dentate baby boomers. The economic case for Medicare dentistry is presented as a harbinger for continued underfunding by the federal government for dental care for children. (*J Dent Child.* 2004;71:4-7)


KEYWORDS: ECONOMICS, GERIATRICS, MEDICARE, DEMOGRAPHICS

*". . . we spend a disproportionate amount on senior citizens. A recent study by the Congressional Budget Office shows that spending on the elderly towers 7 to 1 over spending on children. Overall spending on seniors consumes 35 percent of the budget, up from just 16% in 1965."*[1]

*"In the United States, distinguished by its extraordinary wealth, there are 6 million poor individuals known to few others but their own families. They cannot vote, they cannot work, and most do not even go to school. They are America's youngest poor, children under age 6."*[2]

More than 35 years have passed since the American Dental Association fought for the exclusion of dental services from the Medicare program.[3] With very limited exceptions, dental services have remained beyond the $244 billion program that provided medical services for the 65+ population, individuals with permanent disabilities and persons with end-stage-renal disease.[a] But the demographics of the mid–1960s were far different from those of the first decade of this century. The number of 65 year olds in the mid–1960s (18.2 million or 9.5% of the population) has almost doubled (35.4 million, or 12.4% of the population) in the year 2000 (Table 1).

And 2010 is not that far off. In less than a decade, it will be 65 years since the end of World War II (the "starting-gun" for the baby boomer generation) and the accompanying upswing in Medicare eligibility for millions of new seniors.

It should come as no surprise that presidential and congressional politics have concentrated on Social Security and Medicare. Few politicians overlook the voting records of senior citizens (approximately 60% of 60 year olds vote in presidential elections compared to 20% of 20 year olds and 0% of children). For example, in presidential election year 2000, Social Security eligibility was changed so that one of the authors who was 65 years of age and hundreds of thousands of others became eligible, without penalty, for Social Security benefits regardless of their incomes.

But are the unmet needs of children overshadowed by society's concern for the aged? Despite the fact that children don't vote, the authors don't think parents and grandparents have limited concerns for the needs of the youngest members of society. Previous articles in the *Journal of Dentistry for Children* have addressed the often disproportionate attention to

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*a. The Medicare program has excluded coverage "... for services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting the teeth."*[4]

1. *Dental services are covered when they are performed as an "integral part" of covered in-hospital services (ie, extractions of a tooth in the line of a jaw fracture or to prepare the jaw for radiation therapy, an oral examination performed as part of a comprehensive inpatient work-up prior to kidney-but not other organ-transplant).*
2. *When dental services are not an integral part of covered medical services (ie, hospitalization for a dental procedure to ensure the safety of a patient given their clinical status), Medicare covers the hospitalization, but not the dental procedure itself.*
3. *Medicare covers management of mucositis and treatment of oral infections using antibiotics.*[4]

the needs of seniors vs the limited attention for the economic, health, and social needs of youngsters in communities.[7,8]

The State Children's Health Insurance Plan (S-CHIP), title XXI of the Social Security Act, was enacted as part of the Balanced Budget Act of 1997. It held the promise of extending health insurance to a significant proportion of the nation's uninsured children, many of whom were in families with an income just above Medicaid eligibility levels. As of the fall of 2000, however, "40 states will soon lose hundreds of millions of dollars of federal money that was supposed to provide health insurance to children in low income families ... The money, 45% of the $4.2 billion provided by Congress, remains unspent by the states after 3 years."[9, b]

***Table 1. Number and Percent of the US Population 65 Years and Older: Selected Years 1965–2008*** [5,6]

| Year | Number (in millions) | Percent % |
|---|---|---|
| 1965 | 18.3 | 10 |
| 1970 | 20.9 | 10 |
| 1980 | 26.1 | 11 |
| 1990 | 32.0 | 12 |
| | Projected* | |
| 2000 | 35.4 | 12 |
| 2008 | 38.4 | 13 |

***Throughout this manuscript all data for 2000 and 2008 are projections.***

In addition, data are unavailable to determine: (1) expenditures for dental services under the new program; and (2) whether there has been an increase in dental practitioner participation in a program with fees that may be comparable to the Medicaid program. (Personal communication, Health Care Financing Administration; September 2000).[c]

This article considered the potential for this continuing emphasis on the needs of seniors in the communities rather than emphasizing governmental spending for children. For example, when the issues of ensuring the future stability of Social Security and Medicare are settled, particularly the issues of prescription drugs, will the cost of dental care for seniors be the next Medicare political issue? In 1996, 64% of the general population had a prescription filled compared to 87% of those 65 years and older.[12]

*"As more Americans retain their teeth into older age, the demand for continued restorative care among older age groups will increase. This may lead to calls for Medicare coverage for dental services by a vocal baby boom generation whose out-of-pocket dental costs will be substantial."*[13]

*"Older adults continue to have a disproportionate and positive impact on the surveyed dental practices and their financial well-being."*[14]

## DENTAL CARE EXPENDITURES OVER TIME

In 1970, $63.8 billion were spent for personal health services in the United States, including $4.7 billion for dental care or 7% of total spending. By 1990, dental expenditures had increased to $31.6 billion, but had decreased to 5% of total expenditures for personal health services. Projections for the years 2000 and 2008 indicated a continued decline in the proportion of personal health spending for dental services. In terms of constant dollars (ie, eliminating the effects of inflation), between 1970 and 2008, it was projected that total personal expenditures for health services will increase by 238% while dental service expenditures will increase by 122%[c] (Table 2).

## DENTAL SPENDING IS "FELT"

In 1970, 39% of personal health care expenditures were paid out-of-pocket. By 2000, it was projected that out-of-pocket spending for health services would represent 19% of all costs, and decrease gradually during the rest of the decade. During this same period, out-of-pocket spending for hospital care would decrease from 9% to a projected 3%; physician services from 42% to 16%; and prescription drugs from 54% to 31%. By contrast, out-of-pocket spending for dental services was projected to decrease from 91% to 47% (Table 3). In the mid–1990s, except for the category "other medical items,"[e] dental care "... had the highest proportion of expenses paid out of pocket."[15]

## GOVERNMENT SPENDING

The proportion of personal health expenditures paid by government agencies (federal, state, and local) increased from 35% in 1970 to a projected level of 44% in 2008. The proportion paid by government agencies for hospital care varied from 54% to almost 60%; coverage of physician service increased from 22% to 34%. By contrast, government coverage of dental care has remained below 5% throughout the period (Table 4).

Projected total personal health expenditures for the year 2000 indicated that 20% of the spending would be covered by Medicare, including 32% hospital care, 22% physician services, and 0.2% dental care. Since 1970, Medicare coverage of dental care has remained negligible with Medicaid dental expenditures for the poor representing approximately 3+% of dental care spending. Per capita Medicare spending for personal health expenditures has continued to increase since the inception of the program, particularly for hospital and physician services. Per capita Medicare spending for dentistry has remained at close to a 0 level, but is projected to increase and reach $1 per person in 2008 (Tables 4 and 5). Politically speaking, Medicare is "ripe" for expansion to include dental care. Whereas

***b. "New Mexico said it would use just $5.1 million of its $62.9 million allocated, leaving $57.8 million, or 92 percent, unspent."*** [9] ***In terms of children living in poverty, New Hampshire ranks number one with the smallest percent (8% of children). New Mexico ranks 47th among all states (with 29% of its children living in poverty). Only Louisiana, Mississippi and West Virginia (with 29 % of its children living in poverty) rank lower.*** [10]

***c. See a previous article in the Journal of Dentistry for Children for a review of the S–CHIP legislation.*** [11]

***d. Constant dollar expenditures are based on HCFA Medical Price Deflators.*** [5]

***e. Includes glasses, ambulance services, orthopedic items, hearing devices, prostheses, bathroom aids, medical equipment, disposable supplies and other miscellaneous items or services.*** [14]

**Table 2. Expenditures for Total Personal Health Services and Dental Services: Selected Years 1970–2008[5]**

| Year | Total personal health services: Current dollars | Total personal health services: Constant dollars | Dental services: Current dollars | Dental services: Constant dollars | Percent of total services (%) |
|---|---|---|---|---|---|
| 1970 | $64B | $313B | $5B | $23B | 7 |
| 1980 | 217 | 498 | 13 | 31 | 6 |
| 1990 | 615 | 685 | 32 | 35 | 5 |
| 2000 | 1,151 | 892 | 60 | 47 | 5 |
| 2008 | 1,925 | 1,057 | 93 | 51 | 5 |

**Table 3. Percent (%) Out-of-Pocket Spending for Personal Health Services: Selected Years 1970–2008[5]**

| Year | All services | Hospitals | Physicians | Prescription drugs | Nursing homes | Dentists |
|---|---|---|---|---|---|---|
| 1970 | 39 | 9 | 42 | 89 | 54 | **91** |
| 1980 | 28 | 5 | 32 | 81 | 42 | **66** |
| 1990 | 24 | 4 | 22 | 68 | 43 | **49** |
| 2000 | 19 | 3 | 16 | 43 | 31 | **47** |
| 2008 | 19 | 3 | 16 | 35 | 31 | **47** |

**Table 4. Percent (%) Government Spending for Personal Health Services: Selected Years 1970–2008[5]**

| Year | All services | Hospitals | Physicians | Prescription drugs | Nursing homes | Total gov't | Dentistry: Medicare | Dentistry: Medicaid |
|---|---|---|---|---|---|---|---|---|
| 1970 | 35 | 55 | 23 | 6 | 41 | 5 | 0 | 4 |
| 1980 | 40 | 54 | 29 | 8 | 54 | 5 | 0 | 4 |
| 1990 | 39 | 55 | 31 | 11 | 52 | 3 | 0 | 2 |
| 2000 | 43 | 59 | 33 | 17 | 62 | 4 | 0 | 4 |
| 2008 | 44 | 59 | 34 | 21 | 61 | 4 | 0 | 4 |

**Table 5. Percent and Per Capita Medicare Spending for Personal Health Services: Selected Years 1970–2008[5]**

| Year | All services | Hospitals | Physicians | Prescription drugs* | Nursing homes† | Dentists |
|---|---|---|---|---|---|---|
| | | | Percent (%) | | | |
| 1970 | 11 | 19 | 12 | 0 | 3 | **0** |
| 1980 | 17 | 26 | 18 | 0 | 2 | **0** |
| 1990 | 18 | 27 | 20 | 0 | 3 | **0** |
| 2000 | 21 | 32 | 22 | 1 | 12 | **0.2** |
| 2008 | 20 | 35 | 21 | 1 | 13 | **0.3** |
| | | | Per Capita ($) | | | |
| 1970 | 34 | 25 | 8 | 0 | 1 | **0** |
| 1980 | 155 | 112 | 34 | 0 | 1 | **0** |
| 1990 | 417 | 264 | 112 | 0 | 7 | **0** |
| 2000 | 828 | 479 | 200 | 6 | 39 | **0** |
| 2008 | 1,280 | 751 | 291 | 13 | 66 | **1** |

***With fewer exceptions than 200, outpatient prescriptions drugs were not covered under Medicare Part A and Part B.***
***†Most government support for nursing home expenditures are funded under the Medicaid program. For example, in 2000, it was projected that in addition to 12% of nursing home spending under the Medicare program, the Medicaid program would cover 48% of nursing home costs.[5]***

in the past, dentists were opposed to including dental services under the Medicare umbrella, the situation may now be viewed differently.

*"Until the mid–1980s, dentists may not have considered older adults to be major contributors to their dental practice incomes ... (By 1998, in dental practice) ... patients 60 years of age or older accounted for 29% of all patients expenditures."*[15]

## CONCLUSIONS

The political power of age, as demonstrated in securing desired changes in Social Security and Medicare, should not be underestimated. It may take time for the federal government to digest the economic consequences of including prescription drugs in the Medicare program. However, as long as dental expenses continue to be "felt" and the number of voting baby boomers rise, the response of politicians, particularly in election years, will be to provide new and improved programs, maybe even dental care under Medicare.

Finally, it is important to note that:

1. Medicare program eligibility criteria already include individuals with permanent disabilities.
2. Potential expansion of Medicare to include dental services could offer a realistic method to improve dental services for youngsters and the elderly with special health care needs, including individuals with mental retardation and developmental and other disabilities.

Thus, the question may not be "if" it occurs, rather "when" it occurs. Will increased federal expenditures for dentistry for the elderly overshadow the financial support for the dental care of children?

*"In 2000, federal spending on people over 65 (mainly Social Security and Medicare) already amounts to 35% of the (federal) budget. By 2010 the Congressional Budget Office expects that to rise to 43%, even without Medicare drug coverage and before the oldest baby boomers hit 65."*[16]

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